

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)
) No. G 97-38
)
 The Market Conduct Examination) FINDINGS, CONCLUSIONS, AND
 of Colonial Penn Insurance Company and) ORDER ADOPTING REPORT
 Colonial Penn Franklin Insurance)
 Company.)
)

BACKGROUND

An examination of the market conduct of Colonial Penn Insurance Company and Colonial Penn Franklin Insurance Company (the Companies) as of December 31, 1996, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Companies are insurers under RCW 48.05.050. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to policies both (1) written and covering insureds in the State of Washington, and (2) issued or terminated during periods from January 1, 1996, to December 31, 1996, and claims closed during the same time frame. The examination included reviews of the following areas of the companies' operations: Advertising; Rate and Form Filings; Procedures for Complaint Handling; Claims Settlement Practices; Cancellation, Non-Renewal, and Declination Practices; and Underwriting and Rating Practices.

The examination report with the findings and recommendations was transmitted to the Companies for their comments on July 15, 1997. Responses to the draft report were received on August 12, 1997. The Companies did not request a hearing.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained on page 4-8 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Companies.

ORDER

The examination report as filed, attached hereto and incorporated by reference, is hereby ADOPTED as the final examination report.

It is ORDERED that the Companies comply with the Instructions in the Report, as follows:

1. The companies must correct their Personal Automobile Policy Declaration Page (form DP 3001 6/75 rev 6/81) to comply with WAC 284-30-500(2)(a) and refile the form to replace the one they are currently using. See page 5 of this report.
2. The companies must implement a system to insure that the unexpired portion of the license fee is paid when settling all first party total loss claims, as required by WAC 284-30-390 (1)(b). See page 7 of this report.

ENTERED at Lacey, Washington, on November 4, 1997.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner